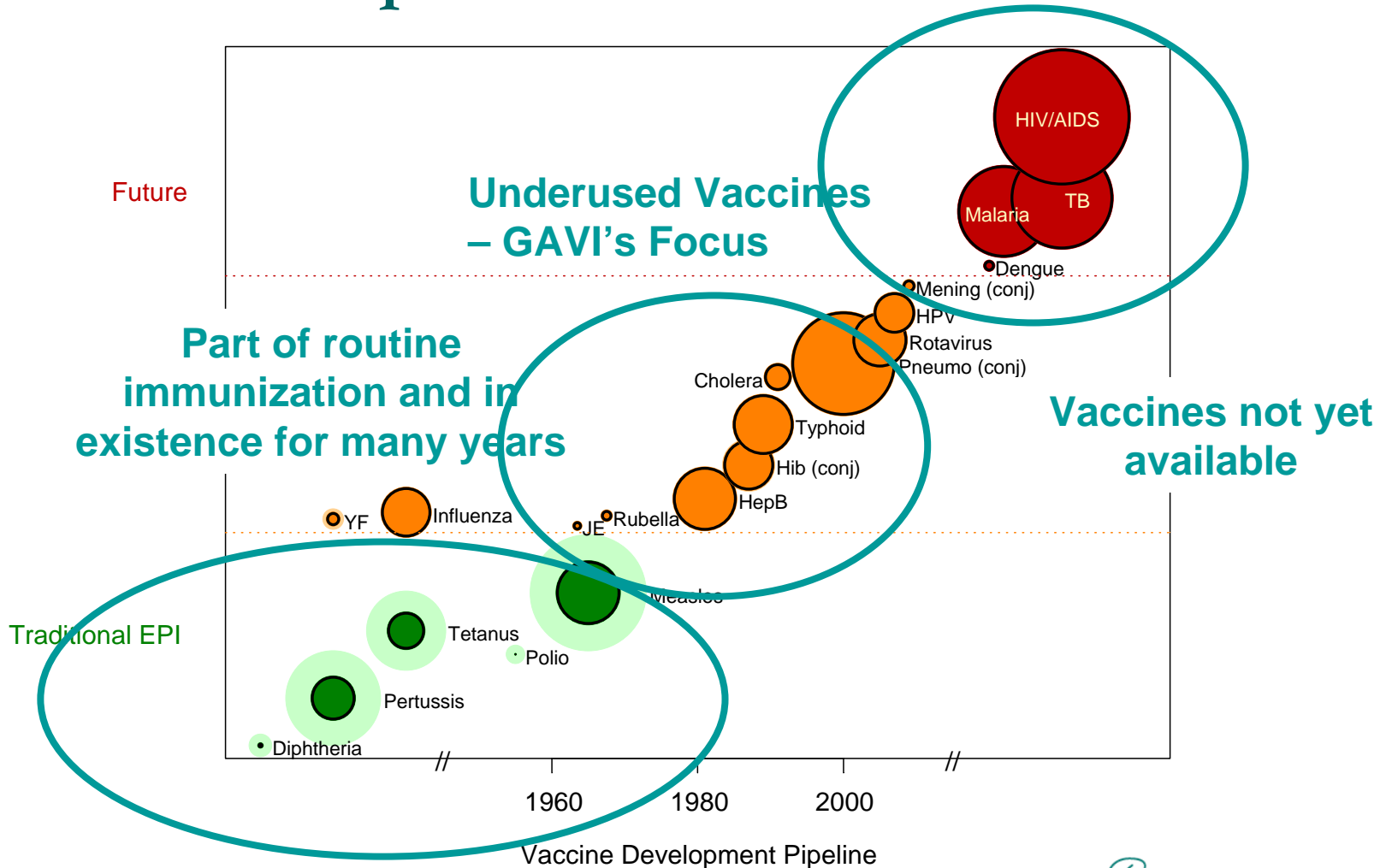


ADVANCE MARKET COMMITMENTS



The new vaccines pipeline can prevent these deaths



Note that the halos represent deaths current deaths being averted, and solid circles represent deaths estimated to occur.

Package of solutions

- Buying products (e.g. GAVI Fund)
 - Improves market for existing products
 - Strengthens delivery systems
 - IFFIm – long-term contracts
- Prepare for future products (e.g. ADIPs, WHO & UNICEF)
 - More demand
 - Better forecasting
 - Supply commitments
- Invest public resources in R&D
 - Product-development PPPs
 - “Enterprise” for scientific collaboration

**Missing: market
for future
products**

Funding the pipeline

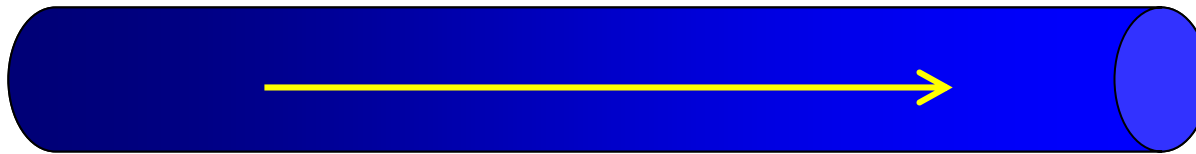
Discovery & Research

Clinical Development

Licensure

Capacity Investment

Supply

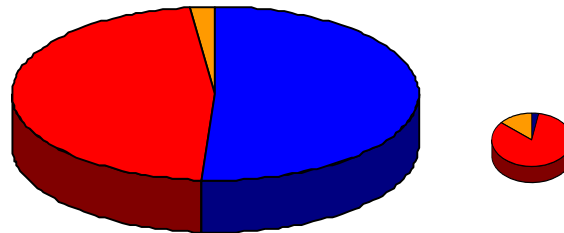


Medicines for affluent countries



Medicines for poor countries

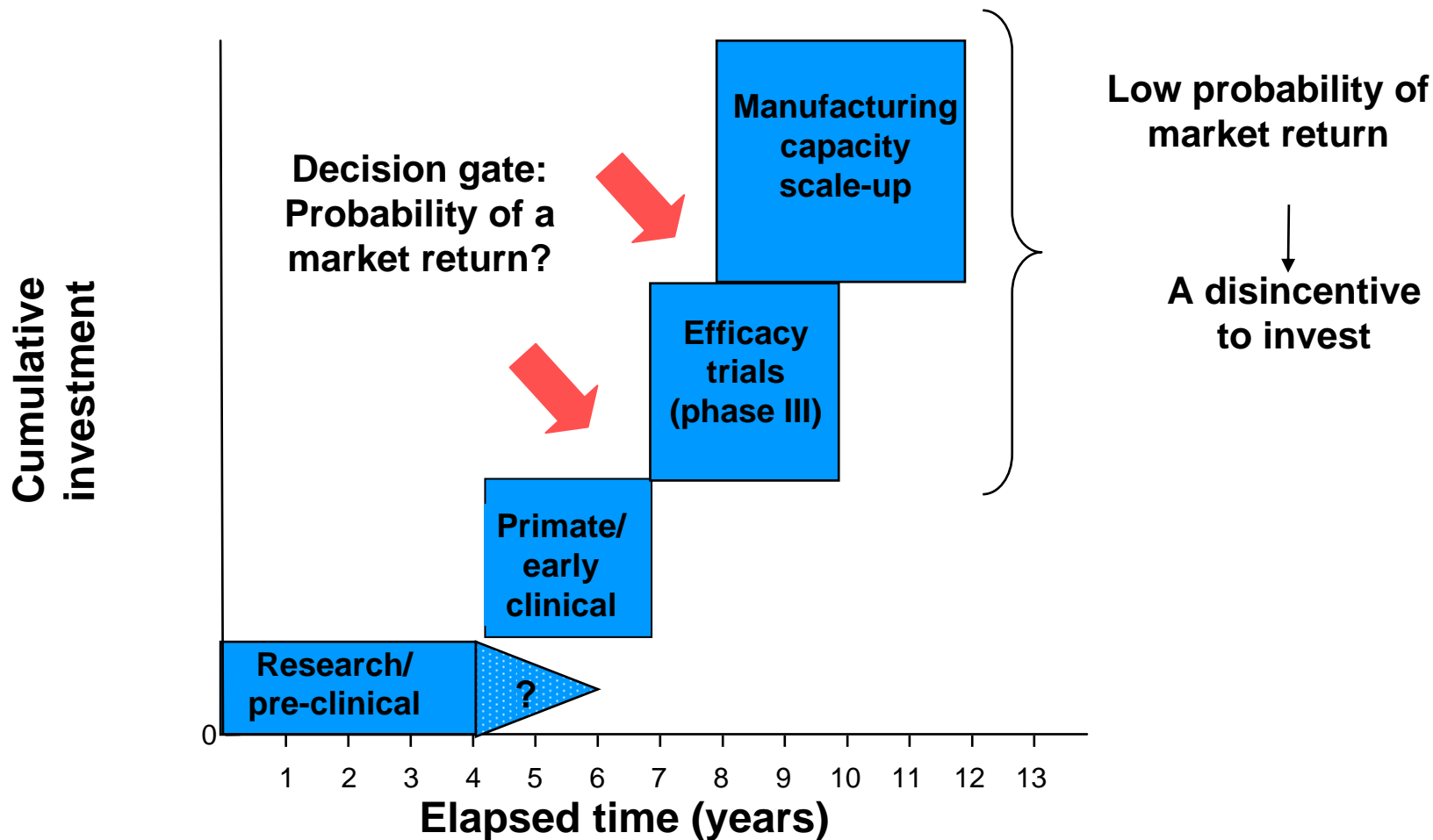
Health R&D for affluent countries
\$106 billion



Health R&D for poor countries
\$8 billion

Private investment to complete the pipeline

Product Development Cycle



What is an AMC?

Problem:

- Small, risky, and unpredictable markets lead to under-investment in products of importance to the developing world.
- Industry's investments in development/capacity determine what products are available, when, and to whom.

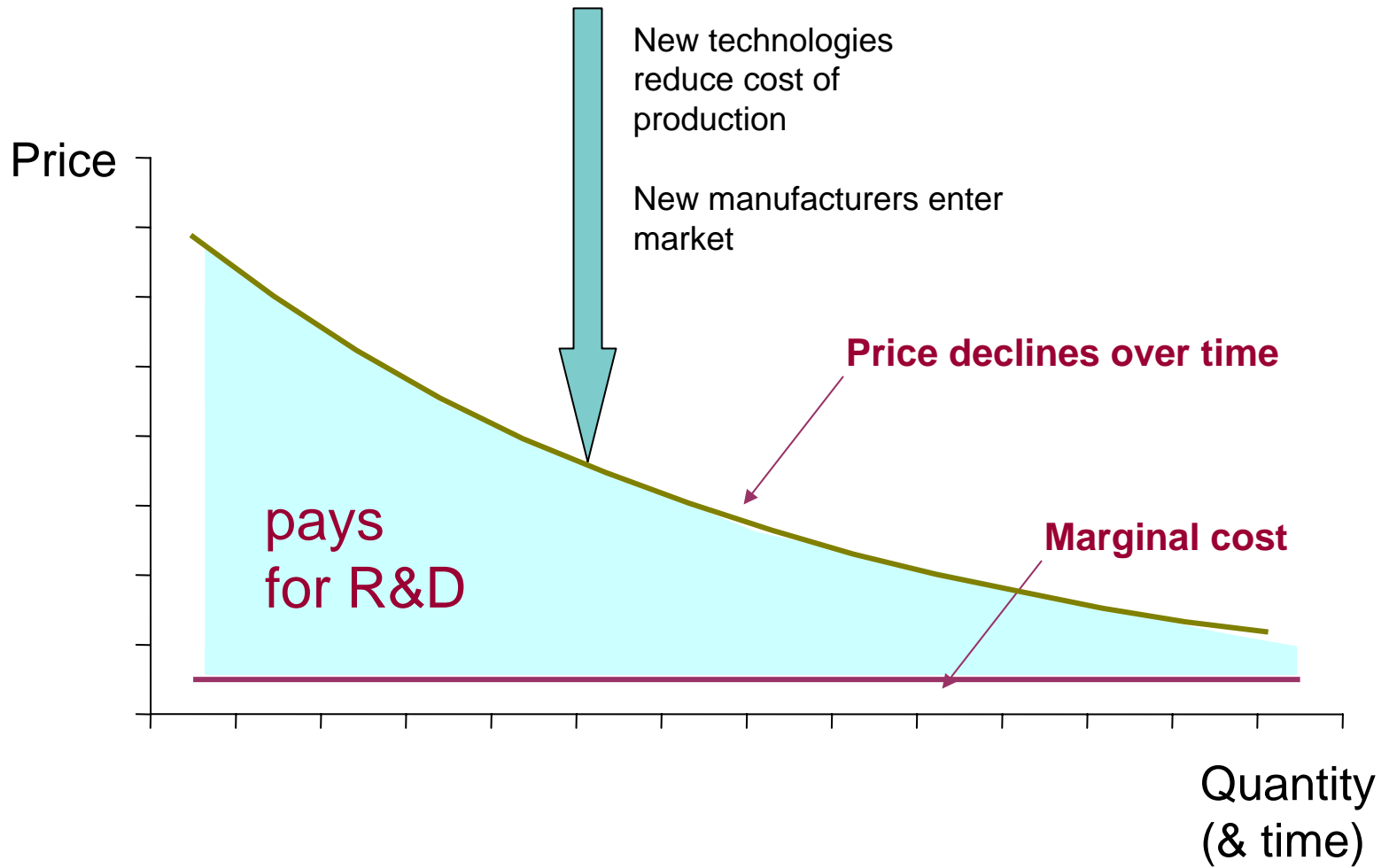
Solution:

- Assurances of a future market as incentive for more timely investment by industry
- Provide credible commitments to guarantee future financing for priority vaccines – before funds are needed to purchase doses
- Only use funds – and buy vaccines – if there are results

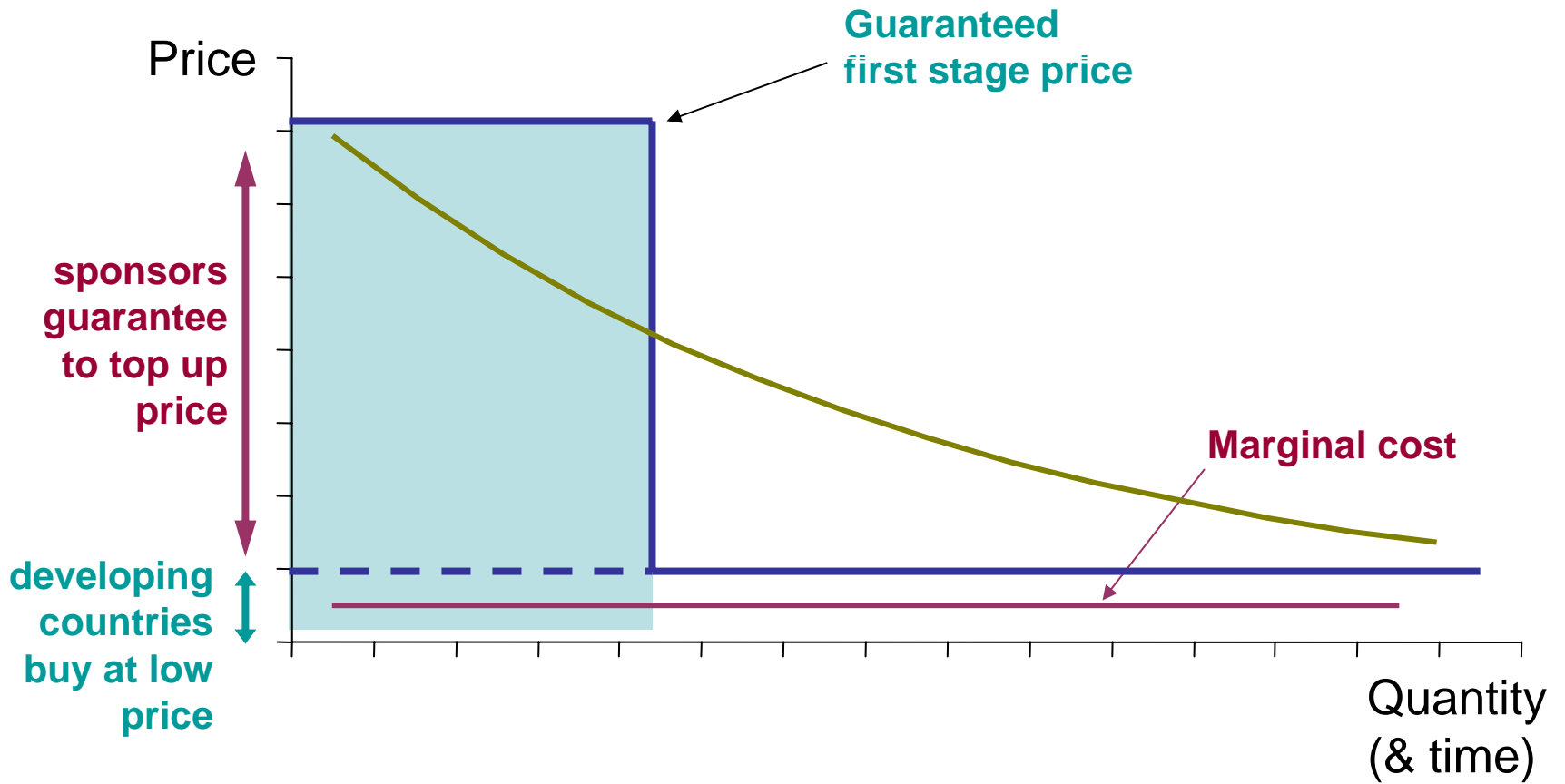


Source: UNICEF

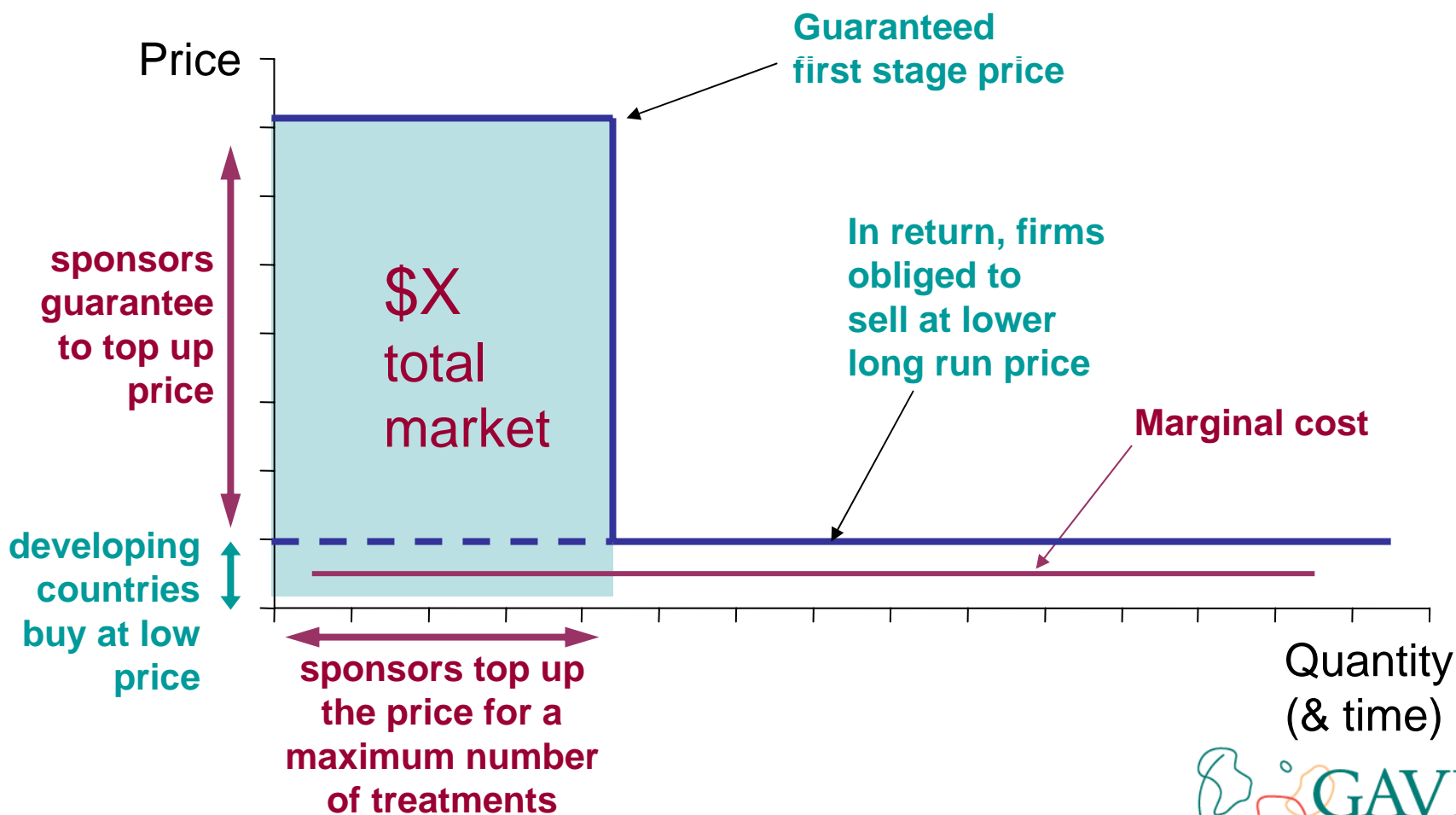
Previous vaccine prices



Two-stage pricing



Two-stage pricing



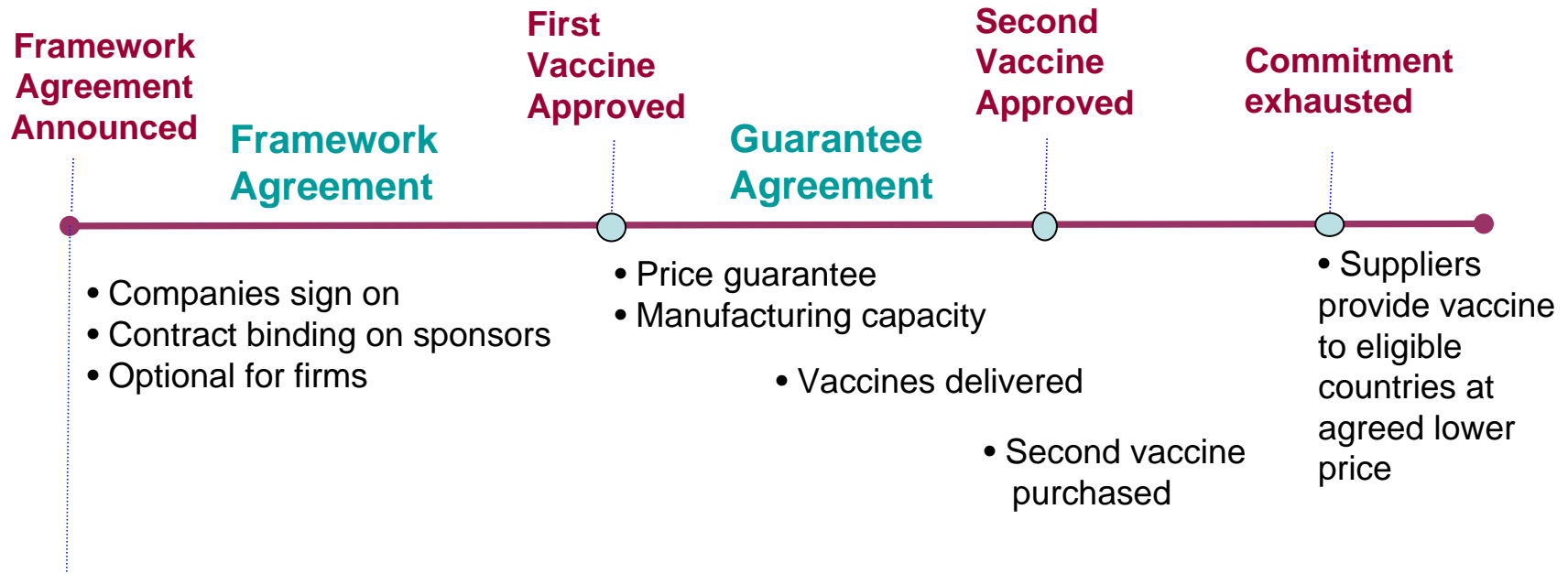
AMC: How it works

- Creation of a market for new vaccines is needed in poor countries (not a purchase guarantee)
- Donors commit up front to a specified market size and price for a target vaccine with set specifications
- Candidate vaccines become available once an Independent Assessment Committee determines if the vaccine meets specifications

AMC: How it works

- Countries demand the vaccine. Countries apply, donors subsidize vaccine purchase above co-payment.
- Post-AMC predictable supply and pricing ensures that when AMC funds are depleted, manufacturers provide vaccines at a sustainable price

Timeline



- Independent Assessment Committee
- Product specifications set
- Guarantee terms set

Market Incentives



Source: UNICEF

- **Market entry:** Open to all players – multinational and emerging, biotechs and vaccine manufacturers
- **Competition:** Designed to sustain 2-3 firms to encourage adequate capacity and price competition
- **Continued innovation:** Designed to last 7-10 years to allow multiple products. Countries “demand” product that best meets their needs

A pilot AMC

- A pilot AMC has been designed for pneumococcal vaccines to demonstrate
 1. the feasibility of the AMC mechanism
 2. its impact on accelerating vaccine development, production scale-up, and introduction.
- With its long term, sustainable impact, the AMC would prevent 500,000-700,000 deaths during the AMC itself and roughly 5.4 million deaths by 2030.

